

# FISCAL NOTE

## SB 1706 - HB 1816

April 25, 1997

### **SUMMARY OF BILL:** Revises laws relative to Limited Liability Corporations:

- Increases the minimum annual reporting fee from \$300 to \$600
- Increases the annual reporting fee of an LLC not doing business in Tennessee from \$300 to \$600
- Increases the annual reporting fee per member from \$50 to \$100 and makes such fee applicable to each member in existence at the time of the annual filing each year
- Authorizes the Secretary of State to make inquiries and examine records of LLC's

The provisions of the bill would be effective for LLC's with fiscal years beginning on or after December 15, 1996. Current law allows the fee per member to be paid based on the number of members in existence at the time of the original creation of the LLC.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$1,800,000**  
**Increase State Expenditures - \$81,400 Recurring**  
**\$10,000 One-Time**

Assumes that doubling the fees of such LLCs and requiring the fee per member to be paid based on the number of members each year would increase state revenues in an amount exceeding \$1,800,000, since FY95-96 annual reporting fees totaled approximately \$1,843,000.

Expenditures for the Secretary of State's office represent two auditor positions and related costs to enforce all statutes requiring an LLC to file documents with that office. Presently, the Secretary of State does not have enforcement authority.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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